



Responsible investing since 1983 Newsletter No.45 October 2011

Prometheus Profile

Prometheus in Wellington

We've made the move from Napier to Wellington and are settling into our new offices in the centre of the CBD. It's very exciting to be here and we're making contact with lots of new people already.

Our new contact details are:

Physical address:

12th Floor,
St John's House
114 The Terrace
Wellington 6011

Postal address:

PO Box 5926
Lambton Quay
Wellington 6145

Telephone: 04 890 4555

Our email addresses remain the same.



Accessing your savings account

There's no change in the way you can access your savings accounts. Telephone or email us with your instructions telling us:

- How much you want to transfer
- The bank details of where you want the money transferred
- Any reference needed

If we hold details of your bank accounts on file we can transfer funds into that account by the following day. If we don't have your bank details we'll ask you to confirm those by email or letter before we make the transfer.

Goodbye to Janice

Moving office means we have a new team which we'll tell you more about in our next newsletter. However Janice Sherlock, who many of you will have spoken to and met, has decided she doesn't want to live in Wellington and so, sadly, we have to say goodbye to her and give our huge thanks for her tireless work over the past four years. We wish her well for whatever the future brings. Our new administrator is Angela Silbery-Fox whom many of you will get to know over the next few months.

We hope you'll come and see us at our new offices in Wellington. This is a huge change for Prometheus having been in Hawke's Bay for over 27 years and it will present many challenges, but it's also an exciting time. Many thanks again for all your expressions of support.

Creative Arts in Napier

For those travellers heading north to Napier on Highway 50, the seemingly endless landscape of Gimlett Gravels vineyards suddenly changes as the road passes the Napier Golf Club, with its unique tree stump carvings on the left hand side of the road. These carvings began in late 2006 using the remnants of a line of old Macrocarpa trees.

Just beyond these carvings, is the Waiohiki Creative Arts Village which in 1989 transformed an old milk factory building into a home for a variety of creative arts and crafts-based groups. Visitors to the Arts Village, which is open 7 days a week, will find the Hawke's Bay Woodturners Guild, the Taradale Pottery Group, Pa Whakairo Woodcrafts, the Artists Anonymous group and individual working potters and carvers.

To the rear of the main building, there is living accommodation for some of the artists, workshops, and a brick wood fired pottery kiln. The Trust owns the site, fosters the Arts Village and also has other interests including operating the Waiohiki Youth Development programme which provides second chance education and work experience for young people.

We were pleased to have assisted with finance for the property 10 years ago and recently provided another loan to build a new ablutions block to cater for the growing numbers of people involved in the activities of the Trust.

The Trust is an excellent example of a progressive, community-based, social business which fosters art and cultural tourism, develops cross-cultural partnerships and encourages enterprise.



Website: www.waiohikiartsvillage.com



What is Social Enterprise?

Prometheus has been involved in social lending for many years and we actively promote this nationally. Social lending is becoming better understood in New Zealand, however, the term social enterprise remains less well known and is used in a variety of ways.

When we make presentations about social lending we often talk about social enterprises and describe them by saying:

- They deliver a social or environmental outcome but are organised more like a business than a traditional charity.
- To conventional businesses they look like charities and to traditional charities they look like businesses.

Prometheus is, itself, a social enterprise with fundamental social and environmental goals that have equal weight with its business goals. Its fundamental mission is to mobilise savings and investment to support social and environmental activity. However, we've chosen to do that by operating as a values-led, not-only-for-profit company.

Managing the tension between achieving a social or environmental objective and operating commercially is not always easy. But increasingly social and community enterprises are being set up to do that in New Zealand. Examples include a number of community waste and recycling enterprises, the New Zealand Housing Foundation (which develops affordable housing both for rent and sale under some very innovative schemes) and many organic and wholefood initiatives.

Why do organisations choose to operate in this way? Increasingly, there are opportunities for charities and others to generate an income stream from their activities while maintaining their social objectives. This helps to stabilise their funding and often allows them to develop new ways of achieving their objectives. This might be through government and others who offer contracts for delivery of services.

This way of operating will not be right for every organisation. However, it can provide opportunities to grow and develop when managed in the right way for the right sort of activity. Experience in the UK has shown that the growth of the social enterprise movement has attracted the interest of many individuals with strong business skills who were looking for a more values-led approach to match their personal objectives. This transfer of skills between private, public and not-for-profit organisations brings benefits to all.

The discussion about social enterprise looks set to grow in New Zealand and we'll continue to be actively involved in that alongside our social lending.

Prometheus is ... a social enterprise with fundamental social and environmental goals that have equal weight with its business goals.

Social Enterprise Finance Australia



Duncan Power, one of Prometheus Finance's directors, has been centrally involved in establishing a new Australian social lender, Social Enterprise Finance Australia (SEFA). SEFA opened its doors in August this year.

In 2010, Duncan undertook a feasibility study funded by Triodos Bank – one of Prometheus's investors – into the possibilities for a social lender like Prometheus in Australia. Then, in early 2011, the Australian government set up a Social Enterprise Development and Investment Fund to grow social enterprise in Australia. This gave a further impulse to Duncan's work and SEFA was successful in securing a A\$10m capital grant with another matching A\$10m from investors. These include Triodos, Community Sector Banking (part of Bendigo Bank), the Macquarie Group Foundation, The NSW Aboriginal Land Council and Bush Heritage Australia.

SEFA's goal is to provide loans to social enterprises together with business advice and support. It is also committed to helping organisations build their capacity to manage debt and become financially sustainable. Duncan is its CEO and Glen Saunders, Prometheus's chair, is also SEFA's chair.

This exciting development in Australia will bring social enterprise to a much wider audience. As Duncan Power said: "These funds will enable the SEFA Loan Fund to commence operations on a firm financial footing. The Fund will connect investors with social enterprises and entrepreneurs; provide financial products that encourage capacity building by social enterprises; and catalyse the social impact investment market in Australia."

 Website: www.sefa.com.au

Duncan Power

Currently based in Sydney, Duncan trained as an accountant at Otago University before moving to the UK as director of Mercury Provident, an anthroposophical banking initiative which became Triodos Bank in the UK. Moving to the Charities Aid Foundation, a large UK charity focused on giving, he helped to establish a successful social venture capital and loan fund for non profit organisations.

In 1998 Duncan established Charities Aid Foundation (CAF) Australia working collaboratively with government, the financial investment community and the charitable and corporate sectors. Over the twelve years he led the organisation, grant-making to Not-for-Profit Organisations in Australia and Asia by CAF totalled around A\$120m.

Since leaving CAF last year Duncan has been a co-founder of Dana Asia, a charitable foundation for grant-making into the Asian developing world alongside being involved in Social Enterprise Finance Australia.



Sustainable Lending

One of Prometheus's main aims is to promote sustainability and all our loans have a sustainability component. These days, "sustainability" is an over-worked word used in a variety of contexts and, as such, a universal definition of what the term means is difficult to find. However, we think sustainability is about the long-term maintenance of well-being in its environmental, economic and social dimensions.

Being environmentally sustainable adds to mankind's capacity to survive long-term, and in this regard a number of recent loans demonstrate the variety of ways that our borrowers practice sustainability.

Martin Bald is a beekeeper who lives in the hills above Dunedin and is a keen environmentalist. We have helped him build a new garage and workshop on his property, using recycled framing timber and recycled macrocarpa weatherboards for the exterior cladding.

Carolyn Simon is a craniosacral therapist, naturopath and medical herbalist living in Golden Bay. She has been a customer since 2002. Her property is in a lovely bush setting with a view through the bush to the Onekaka inlet about 15k from Takaka, and includes a separate studio which Carolyn operates as a self contained holiday rental. She recently had to replace a leaking and deteriorating water tank and we were able to provide finance for two new 23,000 litre water tanks which will double her water storage capacity and provide sufficient supply over the long hot summer months.



Carolyn Simon's home (below) and self contained holiday rental (left).



Continuing this sustainability theme, we continue to provide small energy loans for heating ...

Down in Tapawera, a small settlement about 40km south west of Nelson, some other longstanding customers **Aaron Barlow and Brooke Walker** have a smallholding which they are developing as an organic farm. This farm will in time, produce organic fruit, nuts, seeds and vegetables. We previously helped finance the purchase of this property and a new loan will help them purchase a new water tank, expand their irrigation equipment, purchase trees and shrubs to act as windbreaks, and upgrade their solar water heating system.

They have now planted 1000 trees on the property including 85 for fruit and nut crops and just recently planted their first commercial garden beds.

At the top end of the North Island, **Chris Wilson** is another customer who has borrowed from us previously. Chris is well known as a grower of heritage apple trees on his Herekino property near Kaitaia. The website for his organic Mara Whenua nursery lists 48 different apple varieties and while the nursery is small, they aim to preserve this diversity of apple trees suitable for all NZ climate types. We were pleased to help Chris install ceiling and under floor insulation and obtain a new woodburner for his property.

Continuing this sustainability theme, we continue to provide small energy loans for heating and we have financed many customers throughout NZ with energy saving solar hot water systems.

Te Ra Steiner School

Te Ra Steiner School on Wellington's Kapiti Coast was featured in our newsletter last year. We assisted them move to their current premises in Raumati South in 1998 when they outgrew their previous site in Paekakariki and we have recently assisted them with further finance.

Te Ra ("The Sun") has been one of the fastest growing Steiner schools in New Zealand having started in January 1996 with an initial roll of 20 children. Te Rawhiti ("The Sunrise") kindergarden had begun three years earlier in 1993.

The school's steady expansion is now being fed from 5 kindergartens and 2 playgroups in Paekakariki and Raumati South, although future development plans were recently interrupted by the threat of the new Kapiti motorway passing through the school property. Fortunately, the latest plans for this project bypass the school and the Board members can now continue to plan for a positive future.

We have provided development finance to a number of Steiner schools in recent years and we highlighted a loan to the Dunedin Steiner school in our last newsletter. However, we do not confine our education portfolio to Steiner schools and are interested in providing development finance for land and buildings to any integrated schools which we feel are fostering excellence in education and a concern for the environment.

 Website: www.tera.school.nz



Microhydro in NZ

This is the last in our series of articles on different types of renewable energy.

In a few locations in NZ, some property owners may have a stream running across their property and very cost effective energy can be sourced from that moving water. Microhydro systems are relatively simple. The moving water flows through a small turbine (water wheel) which spins a generator. In a fast flowing stream, a turbine can just be placed in the water flow although the efficiency of a hydro system is dependent on the pressure of the water.

As with large hydroelectric plants, a reliable water pressure is usually created by diverting the stream into a pipe which is then directed downhill. The amount of water pressure ("head") is the difference in elevation between the water intake and the turbine. A microhydro system may not be economical if a reasonable fall is not available (typically a drop of at least 2m over 100m distance is needed).

A dam is not usually necessary as the intake can just be a submerged screened box with the screen sloped to allow debris, such as leaves or twigs, to flow over it. A dam will allow the water to calm, so grit or small stones can sink.

Determining the right turbine (size, rotational speed etc) for the site and the generator size needs accurate measurement of the head and the flow which will usually vary with the season.

A common form of turbine is the Pelton wheel invented in the 1870's. This is an "impulse" turbine where nozzles direct the water at specially shaped curved blades, with energy coming from the momentum of the water. The Pelton design is innovative in that all of the energy in the force of the water is absorbed in turning the turbine. "Reaction" turbines, as their name implies, turn as a reaction to the weight or flow of the water, rather than to the force of a water jet as in an impulse system, and are usually fully immersed in the stream or river.

Most microhydro systems feed the power into a battery bank (often the most expensive component although this will depend on the size of storage needed). From the battery, the DC electricity will flow through an inverter which will enable the power to be used for normal household appliances.

Small microhydro systems can feed straight into the household with any excess being "dumped" into water heating systems or into the national grid, but these typically require consistent and reliable water flow. One positive aspect of battery storage is that the same battery bank can be fed from wind generators and solar panels.

There is a lot of information on the web regarding small hydro systems (search microhydro) and there are some NZ suppliers. But expert advice is needed to get the right combination of equipment and controls.

